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OBJECTION

AUG 28 AM 9:51
Susan McDermott
Deputy Assistant Secretary for Aviation
And International Affairs
U.S. Department of Transportation
400 7th St. SW
Washington DC 20590

OST-1996-1352-26
OST-1996-1901-12
OST-1997-2842-14
OST-1997-2523-7

Dear Ms. McDermott

On Tuesday August 7, 2001 Mesa Air Group received a copy of the Department of Transportation's proposed policy regarding EAS program reductions. These policy changes, if implemented after the twenty day comment period, would effectively eliminate air service to 17 communities. Mesa Air Group vigorously opposes this program reduction.

The Essential Air Service program is vital to the communities enrolled as their link to the national air travel system. The policy proposal as written by DOT states that should this program reduction be approved subsidy would terminate as of October 1, 2001 and carriers providing service to these areas would be permitted to discontinue service without further individual notice.

Mesa Air Group, through its Mesa Airlines, Air Midwest Airlines and CCAIR Airlines subsidiaries serve a total of 45 communities with populations 100,000 people or less, of which 15 communities have subsidized EAS service. Four of these EAS points would be affected by the proposed rule changes: Franklin PA, Topeka KS, Watertown NY, and Alamogordo NM. Absent EAS subsidy, Mesa Air Group will be left with no alternative but to discontinue service effective October 1, 2001 as Mesa would incur a negative operating margin of over 160% on these routes. Such reductions will impact Mesa's ability to economically service the rest of its network. Watertown's elimination, in particular, will have an major impact as two other EAS communities are served in conjunction with Watertown, Ogdensburg NY and Massena NY, which may no longer meet DOT guidelines for EAS subsidy payments.

Since 1989, 49 communities have lost EAS funding -- subsequently, 40 of those cities no longer have air service. Operating costs for air carriers operating small aircraft have reached a point where air service to many communities cannot be provided without some form of subsidy. The resulting loss of service to these 17 communities directly impacts travel for nearly 120,000 passengers per year.

The primary problem with this program and the proposed cuts is that it fails to address the real issues that have created this dilemma. The issues actually are clearly defined in DOT's own policy proposal. In the section titled Background DOT explains that,

"Subsidy expenditures over the past few years have been impacted by sharp increases in commuter carriers operating expenses, particularly those related to fuel; crew turnover and training; more stringent Federal Aviation Administration safety requirements..."

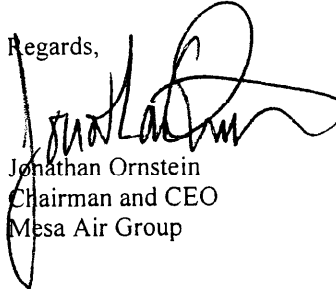
The issue that needs immediate attention is the increased cost associated with increased federal regulatory requirements imposed on regional carriers operating 19-seat aircraft in 1997 with the elimination of the Part 135 operating requirements on 19-seat aircraft. It is unconscionable that the Federal government would, on one hand, increase 19-seat aircraft

costs via regulation and then fail to support service to small communities impacted by such cost increases on the other hand.

Without resolution to these costly regulatory concerns this proposed policy change is the beginning of the end for small community air service. The Essential Air Service program is currently the only federal program that offsets these higher costs and allows continuation of air service to smaller communities. Imposing the proposed restrictions will eliminate air service reducing the communities' economic viability to new and existing business, in addition to the loss of jobs for Mesa employees as service is eliminated. Nearly 30 Mesa employees alone will be negatively impacted.

Your assistance in addressing these concerns and solving the real problems facing air service to small rural communities is essential to its success.

Regards,

A handwritten signature in black ink, appearing to read "Jonathan Ornstein", written over the typed name and title.

Jonathan Ornstein
Chairman and CEO
Mesa Air Group

cc: US Congressman John Peterson
US Congressman Jim Ryun
US Congressman Joe Skeen
US Congressman John M. McHugh
All US Senators
Dennis J. DeVany, DOT